This financial report is composed of two parts. The first part is an abridged translation of "Kessan Tanshin (earnings report)" for the fiscal year ended 31st March, 2010, which includes the summary and the operating results sections.
The second part is the "Consolidated Financial Statements," which are basically prepared based on the "Kessan Tanshin (earnings report)" but applied for some items different presentation methods.

MEMBERSHIP

28th April, 2010

Consolidated Financial Results
For the Fiscal Year Ended 31st March, 2010

Company name: Nomura Research Institute, Ltd.
Listing: First Section of the Tokyo Stock Exchange
Stock code: 4307
URL: http://www.nri.co.jp/
Representative: Tadashi Shimamoto, President, Representative Director, CEO & COO
Inquiries: Katsutoshi Murakami, General Manager, Finance Department
TEL: +81-3-5533-2111 (from overseas)

Scheduled date of ordinary general meeting of shareholders: 22nd June, 2010
Scheduled date to commence dividend payments: 2nd June, 2010
Scheduled date to file Securities Report: 23rd June, 2010

(Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated performance for the fiscal year ended 31st March, 2010 (from 1st April, 2009 to 31st March, 2010)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Sales		Operating profit		Ordinary profit		Net income	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
31st March, 2010	338,629	(0.8)	40,077	(19.4)	40,947	(20.8)	21,856	(10.8)
31st March, 2009	341,279	(0.3)	49,713	(5.6)	51,731	(6.8)	24,513	(12.9)

	Net income per share – basic	Net income per share – diluted	ROE	ROA	Operating profit margin
Fiscal year ended	Yen	Yen	%	%	%
31st March, 2010	112.32	105.81	10.3	11.4	11.8
31st March, 2009	125.54	118.29	11.9	14.4	14.6

Reference: Equity in earnings (losses) of affiliates
Fiscal year ended 31st March, 2010: ¥(564) million Fiscal year ended 31st March, 2009: ¥143 million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
31st March, 2010	363,368	220,237	60.3	1,125.63
31st March, 2009	354,487	205,466	57.7	1,051.65

Reference: Equity
As of 31st March, 2010: ¥219,071 million As of 31st March, 2009: ¥204,574 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Period-end cash and cash equivalents
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
31st March, 2010	58,060	(16,175)	(10,348)	59,775
31st March, 2009	46,180	(70,994)	(22,414)	28,228

2. Cash dividends

	Cash dividends per share					Total cash dividends (Full year)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter	Second quarter	Third quarter	Fiscal year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended 31st March, 2009	–	26.00	–	26.00	52.00	10,114	41.3	5.0
Fiscal year ended 31st March, 2010	–	26.00	–	26.00	52.00	10,119	46.3	4.8
Fiscal year ending 31st March, 2011 (Forecasts)	–	26.00	–	26.00	52.00		38.9	

3. Forecasts of financial results for the fiscal year ending 31st March, 2011 (from 1st April, 2010 to 31st March, 2011)

(Percentages indicate year-on-year changes.)

	Sales		Operating profit		Ordinary profit		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending 30th September, 2010	165,000	(1.1)	20,000	(9.5)	21,000	(6.1)	12,000	0.2	61.66
Fiscal year ending 31st March, 2011	350,000	3.4	44,000	9.8	45,000	9.9	26,000	19.0	133.59

4. Others

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Changes in accounting policies, procedures, and methods of presentation for preparing the consolidated financial statements
- a. Changes due to revisions to accounting standards and other regulations: Yes
- b. Changes due to other reasons: None

(3) Number of shares in issue (common stock)
- a. Total number of shares in issue at the end of the period (including treasury stock)
  - As of 31st March, 2010 225,000,000 shares
  - As of 31st March, 2009 225,000,000 shares
- b. Number of shares of treasury stock at the end of the period
  - As of 31st March, 2010 30,378,314 shares
  - As of 31st March, 2009 30,473,495 shares

* Proper use of forecasts of financial results, and other special matters

The business forecasts are based on information available to management at the present time and certain assumptions judged to be rational. As such, actual sales and profits may differ from this forecast due to uncertain factors present in the forecast or future changes in business circumstances. Also, forecasted cash dividends per share are based on the current business environment and forecasts of financial results. Please refer to the section of “(1) Analysis Regarding Consolidated Operating Results” of “Operating Result” on page 4 for the suppositions that form the assumptions for the forecasts of financial results and cautions concerning the use thereof.

Operating Results

(1) Analysis Regarding Consolidated Operating Results

a. Operating results for the current fiscal year

In the current fiscal year (1st April, 2009 to 31st March, 2010), corporate revenues and capital investment in the Japanese economy weakened from the global economic recession. Although the economy began to gradually recover in the latter half of the current fiscal year, the autonomy of this recovery was weak and the situation continued to be difficult to predict. In this environment, companies remained very cautious towards investing in information systems, and as a result, the business environment surrounding the information services industry continued to be difficult. Operating in such an environment, Nomura Research Institute and its consolidated subsidiaries (“the NRI Group”) carried out its business activities with the combined strength of the group, allowing it to seamlessly provide services encompassing consulting through to system development and operations. With regard to sector trends, in addition to focusing energies on projects for the insurance and banking sectors, the NRI Group also worked on new projects for the service and manufacturing sectors in hopes of strengthening the business platform, but experienced a decrease in projects for the securities sector. In the area of cost, in addition to reducing subcontracting costs, there were ongoing initiatives in improving quality and productivity and strengthening human resource development through corporate education and training programs.
As a result of these activities, sales for the NRI Group for the current fiscal year were ¥338,629 million (down 0.8% year on year), thereby maintaining a level on par with the previous fiscal year. With respect to cost of sales, which was ¥245,641 million (up 2.0%), although subcontracting costs were lower, the NRI Group’s depreciation and amortization expenses increased due to software investment for the provision of large-scale outsourcing services and it also recorded an increase in costs accompanying office expansion in readiness for future business expansion. Incurring selling, general and administrative expenses of ¥52,911 million (up 4.3%) on account of the implementation of measures aimed at mid- to long-term growth and other reasons, the NRI Group posted operating profit of ¥40,077 million (down 19.4%), ordinary profit of ¥40,947 million (down 20.8%) and net income of ¥21,856 million (down 10.8%).

Segment information
The business results by segment are as follows.

Consulting Services
Due to a considerably reduced number of projects impacted by the weak economy , the consulting services segment posted sales (sales to external customers) of ¥28,883 million (down 12.1% year on year) and operating loss of ¥65 million (compared with operating profit of ¥4,126 million in the previous fiscal year).

IT Solution Services
The sales trends for each type of IT solution services are as follows. In System Development & Application Sales, sales were ¥126,821 million (down 12.1% year on year) with sales to the insurance and banking sectors increasing but sales to the securities sector decreasing. In System Management & Operation Services, sales were ¥167,010 million (up 12.1%) thanks mainly to the provision of large-scale outsourcing services aimed at major customers in the securities sector and the acquisition of new customers for multi-user system services for the securities sector. In System Application Sales, sales were ¥15,914 million (up 4.9%).
In the area of cost, despite a decrease in subcontracting costs, depreciation and amortization expenses increased as a consequence of software investment.
As a result, sales from IT solution services (sales to external customers) were ¥309,746 million (up 0.4%) and operating profit was ¥40,143 million (down 11.9%).

b. Outlook for the next fiscal year

The NRI Group is observing a trend of recovery in the economy. Although the recovery's autonomous driving factors are weak, the economy is benefitting from improvement in the overseas economy, the effect of various economic measures and other factors.

Operating in such an environment, the NRI Group aims to utilize the combined strength of the group so that it can seamlessly provide services encompassing consulting through to system development and operations. While working to strengthen its proposals to existing customers and enhance its existing businesses, the NRI Group shall also acquire new customers and foray into new areas of business. At the same time, the NRI Group shall continue its measures to achieve mid- to long-term growth such as through R&D and human resource development, along with its efforts to strengthen project management, implement activities to improve productivity and cut costs such as subcontracting costs.

The forecasts of financial results for the next fiscal year are as follows.

Forecasts of financial results

	Current fiscal year (Actual result) (Millions of yen)	Next fiscal year (Forecast) (Millions of yen)	Change	
			Amount (Millions of yen)	Rate (%)
Consulting services	28,883	30,000	1,116	3.9
IT solution services	309,746	320,000	10,253	3.3
Sales	338,629	350,000	11,370	3.4
Operating profit	40,077	44,000	3,922	9.8
Ordinary profit	40,947	45,000	4,052	9.9
Net income	21,856	26,000	4,143	19.0
Cash dividends per share	(Yen) 52.00	(Yen) 52.00	—	—

Forecasts of sales by sector

	Current fiscal year (Actual result) (Millions of yen)	Next fiscal year (Forecast) (Millions of yen)	Change	
			Amount (Millions of yen)	Rate (%)
Securities sector	123,362	126,000	2,637	2.1
Insurance sector	56,910	59,000	2,089	3.7
Banking sector	30,139	31,000	860	2.9
Other financial sector	24,348	27,000	2,651	10.9
Financial sector	234,760	243,000	8,239	3.5
Distribution sector	43,524	44,000	475	1.1
Other sector	60,344	63,000	2,655	4.4
Total sales	338,629	350,000	11,370	3.4

Forecasts of capital investment, depreciation and amortization and R&D expenses

	Current fiscal year (Actual result) (Millions of yen)	Next fiscal year (Forecast) (Millions of yen)	Change	
			Amount (Millions of yen)	Rate (%)
Capital investment	29,000	30,000	999	3.4
Depreciation and amortization	30,915	32,000	1,084	3.5
R&D expenses	3,561	4,000	438	12.3

The business forecasts are based on information available to management at the present time and certain assumptions judged to be rational. As such, actual sales and profits may differ from this forecast due to uncertain factors present in the forecast or future changes in business circumstances. Also, forecasted cash dividends per share are based on the current business environment and forecasts of financial results.

(2) Analysis Regarding Consolidated Financial Position

Assets, liabilities and net assets

At the end of the current fiscal year (31st March, 2010), current assets were ¥137,744 million (up 12.4% from the end of the previous fiscal year), noncurrent assets were ¥225,623 million (down 2.7%), current liabilities were ¥67,195 million (down 4.0%), noncurrent liabilities were ¥75,936 million (down 3.9%), total net assets were ¥220,237 million (up 7.2%) and total assets were ¥363,368 million (up 2.5%).

The main changes from the end of the previous fiscal year are as follows.

Accounts receivable and other receivables decreased by ¥9,621 million, and short-term investment securities increased by ¥30,720 million. Investment securities decreased by ¥1,736 million as a result of redemption of bonds and other reasons. Accounts payable decreased by ¥4,805 million, income taxes payable decreased by ¥3,517 million and provision for bonuses decreased by ¥1,173 million.

Cash flow position

Net cash provided by operating activities in the current fiscal year was ¥58,060 million (up 25.7% compared with the previous fiscal year). The major contributing factors were as follows. Income before income taxes was ¥37,328 million (down 15.5%), depreciation and amortization was ¥30,915 million (up 48.9%) and a decrease in accounts receivable and other receivables was ¥8,979 million (up 225.4%).

Net cash used in investing activities was ¥16,175 million (down 77.2%). The major contributing factors were the acquisition of property and equipment such as machinery and equipment at data centers and office facilities and an increase in software and other intangibles relating to the development of multi-user systems offsetting the redemption of investment securities and proceeds from time deposits.

Net cash used in financing activities was ¥10,348 million (down 53.8%) mainly due to the payment of dividends.

As a result of the above, cash and cash equivalents at the end of the current fiscal year was ¥59,775 million (up 111.8% from the end of the previous fiscal year).

Reference: Trends in cash flow-related indicators

	Fiscal year ended 31st March, 2006	Fiscal year ended 31st March, 2007	Fiscal year ended 31st March, 2008	Fiscal year ended 31st March, 2009	Fiscal year ended 31st March, 2010
Equity ratio (%)	67.1	58.1	57.0	57.7	60.3
Market value equity ratio (%)	208.3	190.1	143.1	84.0	114.1
Interest-bearing debt to operating cash flow ratio (years)	0.0	1.3	1.6	1.1	0.9
Interest coverage ratio (value to one)	7,172.0	29,608.2	—	3,521.4	4,457.4

Equity ratio: (Net assets - Minority interests - Share subscription rights) / Total assets
Market value equity ratio: Market capitalization / Total assets
Interest-bearing debt to operating cash flow ratio: Interest-bearing debt / Operating cash flow
Interest coverage ratio: Operating cash flow / Paid interest

Notes:

1. All indicators are calculated using financial figures on a consolidated basis.
2. Market capitalization is calculated based on the number of shares in issue excluding treasury stock.
3. Interest-bearing debt, among liabilities recorded on the consolidated balance sheet, includes all liabilities on which interests are paid and convertible bonds.

(3) Basic Policy Regarding Profit Distribution, and Dividend Payments for Current and Next Fiscal Year

a. Policy for distribution of profits

The Company considers the ongoing growth of its corporate value to be the most important return to its shareholders. Its basic policy for distribution of profits is to provide accurate and stable dividends while paying full consideration to the need for sufficient retained earnings for its long-term business development. The Company's actual decisions regarding standards are based on the operating revenue and cash flow situation, but it aims for a consolidated dividend payout ratio of 30%.

Retained earnings will be utilized as a source for business expansion, including facility investments for enhancing multi-user system services; expanding system management and operations services; cultivating new businesses and improving the productivity of system development; and investments in facilities, R&D, and human resource development for the purpose of quality improvement. Retained earnings may also be utilized to purchase treasury stock, as part of its flexible capital management aimed to improve capital efficiency and respond to the changes in the business environment.

As stipulated in Article 459 of the Companies Act, the Company stipulates in its Articles of Incorporation that it may pay dividends from retained earnings by a resolution of the Board of Directors with record dates of 30th September and 31st March.

b. Payment of dividends from retained earnings

The Company decided to pay cash dividends of 26 yen per share to shareholders on the record date of the end of fiscal 2009 (31st March, 2010). Combined with interim cash dividends paid in November 2009 (the record date of interim dividends was 30th September, 2009), the annual dividend payment will be 52 yen per share, for a consolidated dividend payout ratio of 46.3%.

The payments of dividends from retained earnings with record dates falling in the current fiscal year are listed below.

Date of Board resolution	Total cash dividends (Millions of yen)	Cash dividends per share (Yen)	Record date
23rd October, 2009	5,059	26	30th September, 2009
14th May, 2010 (Planned)	5,060	26	31st March, 2010

Note: See "2. Cash dividends" on page 2 for dividends from retained earnings with record dates falling in the next fiscal year.

(4) Significant events on premise of going concern

No items to report

Consolidated Financial Statements

Nomura Research Institute, Ltd.

At 31st March, 2010 and 2009 and
for the years ended 31st March, 2010, 2009 and 2008
with Report of Independent Auditors

Unless otherwise noted, the amounts included in the financial statements are expressed in millions of yen and thousands of U.S. dollars with fractional amounts rounded off.

Nomura Research Institute, Ltd.

Consolidated Financial Statements

31st March, 2010, 2009 and 2008

Contents

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Report of Independent Auditors

The Board of Directors
Nomura Research Institute, Ltd.

We have audited the accompanying consolidated balance sheets of Nomura Research Institute, Ltd. and its consolidated subsidiaries as of 31st March, 2010 and 2009, and the related consolidated statements of income, changes in net assets, and cash flows for each of the three years ended 31st March, 2010, 2009 and 2008, all expressed in Japanese yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nomura Research Institute, Ltd. and its consolidated subsidiaries at 31st March, 2010 and 2009, and the consolidated results of their operations and their cash flows for each of the three years ended 31st March, 2010, 2009 and 2008, in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended 31st March, 2010 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.

Ernst & Young ShinNihon LLC

21st June, 2010

Nomura Research Institute, Ltd.

Consolidated Balance Sheets

	Millions of yen		*Thousands of U.S. dollars (Note 2)*
	31st March,		**31st March,**
	2010	**2009**	**2010**
Assets			
Current assets:			
Cash and bank deposits *(Notes 3 and 12)*	¥ 15,056	¥ 20,308	$ 161,805
Short-term investment securities *(Notes 3, 4 and 12)*	44,720	14,000	480,602
Accounts receivable and other receivables *(Notes 3 and 6)*	68,033	77,654	731,145
Inventories	432	256	4,643
Deferred income taxes *(Note 10)*	7,268	7,308	78,109
Other current assets	2,305	3,130	24,770
Allowance for doubtful accounts	(70)	(84)	(752)
Total current assets	137,744	122,572	1,480,322
Property and equipment *(Note 7)*:			
Land	12,323	11,292	132,434
Buildings, net	32,376	29,429	347,942
Machinery and equipment, net	14,231	17,420	152,940
Leased assets, net *(Note 14)*	35	134	376
Property and equipment, net	58,965	58,275	633,692
Software and other intangibles	68,319	74,887	734,218
Investment securities *(Notes 3 and 4)*	53,699	55,436	577,098
Investments in affiliates *(Note 3)*	1,604	2,232	17,238
Deferred income taxes *(Note 10)*	19,238	19,129	206,749
Long-term loans receivable *(Note 3)*	7,593	7,482	81,601
Lease investment assets	534	747	5,739
Other assets *(Note 8)*	15,792	13,845	169,716
Allowance for doubtful accounts	(120)	(117)	(1,290)
Total assets	¥363,368	¥354,488	$3,905,083

	Millions of yen		*Thousands of U.S. dollars (Note 2)*
	31st March,		**31st March,**
	2010	**2009**	**2010**
Liabilities and Net Assets			
Current liabilities:			
Accounts payable *(Note 3)*	¥ 24,155	¥ 28,961	$ 259,592
Lease obligations	293	656	3,149
Accrued expenses	16,628	16,525	178,700
Income taxes payable	9,879	13,397	106,169
Other current liabilities	16,240	10,487	174,529
Total current liabilities	67,195	70,026	722,139
Convertible bonds *(Note 3)*	49,997	49,997	537,313
Lease obligations	328	415	3,525
Long-term accrued expenses	1,458	2,938	15,669
Deferred income taxes *(Note 10)*	1	2	11
Allowance for employees' retirement benefits *(Note 9)*	24,152	25,643	259,559
Commitments and contingent liabilities *(Note 19)*			
Net assets *(Notes 11 and 13)*:			
Shareholders' equity:			
Common stock:			
Authorized – 750,000,000 shares at 31st March, 2010 and 2009			
Issued – 225,000,000 shares at 31st March, 2010 and 2009	18,600	18,600	199,893
Additional paid-in capital	15,018	14,975	161,397
Retained earnings	251,800	240,061	2,706,072
Treasury stock, at cost:			
– 30,378,314 shares at 31st March, 2010 and 30,473,495 shares at 31st March, 2009	(72,526)	(72,753)	(779,431)
Total shareholders' equity	212,892	200,883	2,287,931
Valuation and translation adjustments:			
Unrealized gain on other securities *(Note 4)*	8,436	5,851	90,661
Translation adjustments	(2,256)	(2,159)	(24,245)
Total valuation and translation adjustments	6,180	3,692	66,416
Share subscription rights *(Note 20)*	1,155	892	12,413
Minority interests	10	–	107
Total net assets	220,237	205,467	2,366,867
Total liabilities and net assets	¥363,368	¥354,488	$3,905,083

See accompanying notes to consolidated financial statements.

Nomura Research Institute, Ltd.

Consolidated Statements of Income

	Millions of yen			*Thousands of U.S. dollars (Note 2)*
	Year ended 31st March,			**Year ended 31st March,**
	2010	**2009**	**2008**	**2010**
Sales	¥338,630	¥341,279	¥342,289	$3,639,226
Cost of sales	245,642	240,854	238,537	2,639,892
Gross profit	92,988	100,425	103,752	999,334
Selling, general and administrative expenses *(Notes 15 and 16)*	52,911	50,712	51,088	568,630
Operating profit	40,077	49,713	52,664	430,704
Other income (expenses):				
Interest and dividend income	1,367	1,861	2,588	14,691
Equity in earnings (losses) of affiliates	(564)	143	144	(6,061)
Interest expense	(13)	(13)	–	(140)
Impairment loss on software *(Note 17)*	–	(3,050)	–	–
Gain (loss) on investment securities *(Notes 4 and 17)*	(841)	(3,386)	2,037	(9,038)
Loss on investments in affiliates *(Note 17)*	–	(762)	–	–
Provision for transfer of the retirement benefit plan *(Notes 9 and 17)*	–	–	(9,567)	–
Office integration and relocation expenses *(Note 17)*	(2,778)	–	–	(29,855)
Impact of applying lease accounting standards *(Note 14)*	–	(352)	–	–
Other, net	80	27	122	860
	(2,749)	(5,532)	(4,676)	(29,543)
Income before income taxes and minority interests	37,328	44,181	47,988	401,161
Provision for income taxes *(Note 10)*:				
Current	17,402	23,560	23,419	187,018
Deferred	(1,926)	(3,892)	(3,589)	(20,699)
	15,476	19,668	19,830	166,319
Minority interests in loss	(4)	–	–	(42)
Net income *(Note 13)*	¥ 21,856	¥ 24,513	¥ 28,158	$ 234,884

See accompanying notes to consolidated financial statements.

Nomura Research Institute, Ltd.

Consolidated Statements of Changes in Net Assets

Millions of yen

	Shareholders' equity					Valuation and translation adjustments					
	Common stock	**Additional paid-in capital**	**Retained earnings**	**Treasury stock, at cost**	**Total shareholders' equity**	**Unrealized gain on other securities**	**Translation adjustments**	**Total valuation and translation adjustments**	**Share subscription rights**	**Minority interests**	**Total net assets**
Balance at 31st March, 2007	¥18,600	¥14,800	¥206,990	¥(47,157)	¥193,233	¥ 22,194	¥ 499	¥ 22,693	¥ 307	¥ –	¥216,233
Purchases of treasury stock	–	–	–	(15,001)	(15,001)	–	–	–	–	–	(15,001)
Disposition of treasury stock	–	–	–	997	997	–	–	–	–	–	997
Net income	–	–	28,158	–	28,158	–	–	–	–	–	28,158
Cash dividends paid	–	–	(9,368)	–	(9,368)	–	–	–	–	–	(9,368)
Gain on disposition of treasury stock	–	84	–	–	84	–	–	–	–	–	84
Net changes other than in shareholders' equity	–	–	–	–	–	(12,544)	(1,496)	(14,040)	301	–	(13,739)
Balance at 31st March, 2008	18,600	14,884	225,780	(61,161)	198,103	9,650	(997)	8,653	608	–	207,364
Purchases of treasury stock	–	–	–	(11,871)	(11,871)	–	–	–	–	–	(11,871)
Disposition of treasury stock	–	–	–	279	279	–	–	–	–	–	279
Net income	–	–	24,513	–	24,513	–	–	–	–	–	24,513
Cash dividends paid	–	–	(10,232)	–	(10,232)	–	–	–	–	–	(10,232)
Gain on disposition of treasury stock	–	91	–	–	91	–	–	–	–	–	91
Net changes other than in shareholders' equity	–	–	–	–	–	(3,799)	(1,162)	(4,961)	284	–	(4,677)
Balance at 31st March, 2009	18,600	14,975	240,061	(72,753)	200,883	5,851	(2,159)	3,692	892	–	205,467
Purchases of treasury stock	–	–	–	(1)	(1)	–	–	–	–	–	(1)
Disposition of treasury stock	–	–	–	228	228	–	–	–	–	–	228
Net income	–	–	21,856	–	21,856	–	–	–	–	–	21,856
Cash dividends paid	–	–	(10,117)	–	(10,117)	–	–	–	–	–	(10,117)
Gain on disposition of treasury stock	–	43	–	–	43	–	–	–	–	–	43
Net changes other than in shareholders' equity	–	–	–	–	–	2,585	(97)	2,488	263	10	2,761
Balance at 31st March, 2010	¥18,600	¥15,018	¥251,800	¥(72,526)	¥212,892	¥ 8,436	¥(2,256)	¥ 6,180	¥1,155	¥10	¥220,237

Thousands of U.S. dollars (Note 2)

	Shareholders' equity					Valuation and translation adjustments					
	Common stock	**Additional paid-in capital**	**Retained earnings**	**Treasury stock, at cost**	**Total shareholders' equity**	**Unrealized gain on other securities**	**Translation adjustments**	**Total valuation and translation adjustments**	**Share subscription rights**	**Minority interests**	**Total net assets**
Balance at 31st March, 2009	$199,893	$160,935	$2,579,914	$(781,870)	$2,158,872	$62,880	$(23,201)	$39,679	$ 9,586	$ –	$2,208,137
Purchases of treasury stock	–	–	–	(11)	(11)	–	–	–	–	–	(11)
Disposition of treasury stock	–	–	–	2,450	2,450	–	–	–	–	–	2,450
Net income	–	–	234,884	–	234,884	–	–	–	–	–	234,884
Cash dividends paid	–	–	(108,726)	–	(108,726)	–	–	–	–	–	(108,726)
Gain on disposition of treasury stock	–	462	–	–	462	–	–	–	–	–	462
Net changes other than in shareholders' equity	–	–	–	–	–	27,781	(1,044)	26,737	2,827	107	29,671
Balance at 31st March, 2010	$199,893	$161,397	$2,706,072	$(779,431)	$2,287,931	$90,661	$(24,245)	$66,416	$12,413	$107	$2,366,867

See accompanying notes to consolidated financial statements.

Nomura Research Institute, Ltd.

Consolidated Statements of Cash Flows

	Millions of yen			*Thousands of U.S. dollars (Note 2)*
	Year ended 31st March,			**Year ended 31st March,**
	2010	**2009**	**2008**	**2010**
Cash flows from operating activities				
Income before income taxes and minority interests	¥ 37,328	¥ 44,181	¥ 47,988	$ 401,161
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:				
Depreciation and amortization	30,916	20,763	16,517	332,251
Interest and dividend income	(1,367)	(1,861)	(2,588)	(14,691)
Interest expense	13	13	–	140
Impairment loss on software	–	3,050	–	–
Loss (gain) on investment securities	841	3,386	(2,037)	9,038
Loss on investments in affiliates	–	762	–	–
Impact of applying lease accounting standards	–	352	–	–
Changes in operating assets and liabilities:				
Accounts receivable and other receivables, net of advance payments received	8,980	2,759	(10,935)	96,507
Allowance for doubtful accounts	(12)	119	8	(129)
Accounts payable	(4,782)	(6,043)	174	(51,392)
Inventories	(179)	(96)	134	(1,924)
Allowance for employees' retirement benefits and welfare pension plan	(1,427)	(148)	2,439	(15,336)
Other	7,064	(367)	1,745	75,917
Subtotal	77,375	66,870	53,445	831,542
Interest and dividends received	1,425	1,994	2,381	15,314
Interest paid	(13)	(13)	–	(140)
Income taxes paid	(20,727)	(22,670)	(24,020)	(222,750)
Net cash provided by operating activities	58,060	46,181	31,806	623,966
Cash flows from investing activities				
Payments for time deposits	–	(6,874)	(7,202)	–
Proceeds from time deposits	6,009	6,930	6,579	64,578
Increase in short-term investment securities	–	(7,973)	(40,878)	–
Proceeds from sales and redemption of short-term investment securities	–	28,000	31,000	–
Acquisition of property and equipment	(12,499)	(14,105)	(21,381)	(134,326)
Proceeds from sales of property and equipment	10	–	132	107
Increase in software and other intangibles	(15,116)	(57,863)	(17,485)	(162,450)
Proceeds from sales of software and other intangibles	3	–	2	32
Increase in investment securities	(3,436)	(20,776)	(3,461)	(36,926)
Proceeds from sales and redemption of investment securities	8,447	2,251	4,665	90,779
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	665	–	–	7,147
Increase in investments in affiliates	(299)	(616)	–	(3,213)
Other	41	32	103	441
Net cash used in investing activities	(16,175)	(70,994)	(47,926)	(173,831)
Cash flows from financing activities				
Increase in short-term loans payable	6,500	–	–	69,855
Decrease in short-term loans payable	(6,500)	–	–	(69,855)
Repayment of obligation under finance leases	(235)	(389)	–	(2,526)
Proceeds from sales of treasury stock	–	73	824	–
Purchases of treasury stock	(1)	(11,871)	(15,001)	(11)
Cash dividends paid	(10,113)	(10,228)	(9,360)	(108,683)
Net cash used in financing activities	(10,349)	(22,415)	(23,537)	(111,220)
Effect of exchange rate changes on cash and cash equivalents	11	(68)	(672)	117
Net increase (decrease) in cash and cash equivalents	31,547	(47,296)	(40,329)	339,032
Cash and cash equivalents at beginning of year	28,229	75,525	115,854	303,375
Cash and cash equivalents at end of year *(Note 12)*	¥ 59,776	¥ 28,229	¥ 75,525	$ 642,407

See accompanying notes to consolidated financial statements.

Nomura Research Institute, Ltd.

Notes to the Consolidated Financial Statements

31st March, 2010

1. Significant Accounting Policies

Description of Business

Nomura Research Institute, Ltd. (the "Company") is a leading provider in Japan of IT solutions services and consulting services. IT solutions services include the development, installation, operation and management of computer systems and networks, information services, and sales of computer equipment and related products. Consulting services include conducting research on macroeconomic trends, providing management consulting advice, and rendering system consulting services. Information on the Company's operations by segment is included in Note 21.

Basis of Presentation

The accompanying consolidated financial statements of the Company and its consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law.

In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

Certain reclassifications have been made to present the accompanying consolidated financial statements in a format which is familiar to readers outside Japan.

The amounts included herein are expressed in millions of yen and thousands of U.S. dollars, with fractional amounts rounded off, unless otherwise noted.

Basis of Consolidation and Application of Equity Method

The accompanying consolidated financial statements for the years ended 31st March, 2010, 2009 and 2008 include the accounts of the Company and any significant companies which are controlled directly or indirectly by the Company. All subsidiaries (14, 16 and 16 for the years ended 31st March, 2010, 2009 and 2008, respectively) have been consolidated. The major consolidated subsidiary is Nomura Research Institute (Beijing), Ltd. as of 31st March, 2010.

The Company's investments in affiliated companies over which it has the ability to exercise significant influence are accounted for by the equity method, and, accordingly, the Company's share of such affiliates' income is included in consolidated income. All affiliated companies (2, 2 and 1 for the years ended 31st March, 2010, 2009 and 2008, respectively) have been accounted for by the equity method.

1. Significant Accounting Policies (continued)

Basis of Consolidation and Application of Equity Method (continued)

Investments in two affiliated companies, Nihon Clearing Services Co., Ltd. and MC NRI Global Solutions Inc., are accounted for by the equity method for the years ended 31st March, 2010.

NRI Learning Network, Ltd. and Insurance System & Technology, Ltd. are excluded from the scope of consolidation due to the sale of all outstanding shares in April 2009.

NRI BPO Services, Ltd., a newly established subsidiary during the year ended 31st March, 2010, is included in the scope of consolidation. NRI Network Communications, Ltd. and NRI WEBrandia, Ltd. merged in April 2009.

Cash Equivalents

Cash equivalents, as presented in the consolidated statements of cash flows, are defined as low-risk, highly liquid, short-term investments maturing within three months from their respective acquisition dates which are readily convertible into cash.

Investment Securities

The Company holds investment securities in its major shareholder, Nomura Holdings, Inc. The Company's investment in Nomura Holdings, Inc. is included in "Investments in affiliates."

The Company and its consolidated subsidiaries determine the appropriate classification of investment securities as either trading, held-to-maturity or other securities based on their holding objectives. Other securities include marketable securities and non-marketable securities.

Securities held for trading purposes are stated at market value and the cost of securities sold is determined by the moving average method.

Held-to-maturity debt securities are carried at amortized cost.

Marketable securities classified as other securities are stated at market value as of the balance sheet date and the cost of securities sold is determined by the moving average method. Unrealized gain or loss on marketable securities classified as other securities is included as a separate component of net assets, net of the applicable taxes.

Non-marketable securities classified as other securities are stated at cost and the cost of securities sold is determined by the moving average method.

Inventories

Inventories are stated at cost based on the identified cost method (in cases where profitability has declined, the book value is reduced accordingly).

1. Significant Accounting Policies (continued)

Depreciation of Property and Equipment (other than Leased Assets)

Property and equipment is stated at cost. Depreciation is calculated principally by the declining-balance method over the estimated useful lives of the related assets. The Company and its domestic consolidated subsidiaries individually estimated the useful lives of a portion of their machinery and equipment by determining when the machinery and equipment can be judged to be significantly obsolete because of advancements in technology. Buildings (excluding structures attached to the buildings) acquired on or after 1st April, 1998 by the Company and its domestic consolidated subsidiaries are depreciated by the straight-line method over their respective estimated useful lives.

Amortization of Software and Other Intangibles (other than Leased Assets)

Development costs of computer software to be sold are amortized based on the estimated volume of sales or the estimated sales revenue with the minimum amortization amount calculated by the straight-line method based on a useful life of three years. Software intended for use by the Company for the purpose of rendering customer services is being amortized by the straight-line method over useful lives of up to five years.

Intangible assets other than computer software to be sold and software intended for internal use are amortized by the straight-line method over their respective estimated useful lives.

Depreciation and Amortization of Leased Assets

Leased tangible assets under finance lease transactions that do not transfer ownership are depreciated by the declining-balance method over the lease period. Leased intangible assets under finance lease transactions that do not transfer ownership are amortized by the straight-line method over the lease period.

Allowance for Doubtful Accounts

The allowance for doubtful accounts has been provided based on the Company's and its consolidated subsidiaries' historical experience with respect to write-offs and an estimate of the amount of specific uncollectible accounts.

Retirement and Severance Benefits for Employees

The allowance for employees' retirement benefits has been provided on an accrual basis as of the balance sheet date based on an estimate of the projected benefit obligation and the employees' pension plan assets. The retirement benefit obligation at transition was fully expensed upon transition. Prior service cost is amortized by the straight-line method over a period which falls within the average remaining years of service (15 years) of the participants in the plan. Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized by the straight-line method over a defined period not exceeding the average remaining period of employment (15 years) of the participants in the plan and is recognized as a pension cost.

1. Significant Accounting Policies (continued)

Revenue Recognition

In principle, revenues arising from made-to-order software and consulting projects are recognized by the percentage-of-completion method. The percent completed is estimated by the ratio of the costs incurred to the estimated total costs.

Research and Development Expenses

Research and development expenses are charged to selling, general and administrative expenses as incurred.

Appropriation of Capital Surplus and Retained Earnings

Under the Corporation Law of Japan, the appropriation of capital surplus and retained earnings with respect to a given period is made by resolution of the shareholders at a general meeting or by resolution of the Board of Directors. Appropriations from capital surplus and retained earnings are reflected in the consolidated financial statements applicable to the period in which such resolutions are approved.

Accounting Change

Effective the year ended 31st March, 2010, the "Accounting Standard for Construction Contracts" (Accounting Standards Board of Japan ("ASBJ") Statement No. 15) and "Guidance on Accounting Standard for Construction Contracts" (ASBJ Guidance No. 18) has been applied. The effects of adopting the new standard are immaterial because the percentage-of-completion method has already been applied to revenue recognition of made-to-order software.

2. U.S. Dollar Amounts

The Company maintains its books of account in yen. The U.S. dollar amounts included in the accompanying consolidated financial statements and the notes thereto represent the arithmetic results of translating yen into dollars at ¥93.05 = U.S.$1.00, the rate of exchange prevailing on 31st March, 2010. The U.S. dollar amounts are included solely for the convenience of the reader and the translation is not intended to imply that the assets and liabilities which originated in yen have been or could be readily converted, realized or settled in U.S. dollars at the above or any other rate.

3. Financial Instruments

Effective the year ended 31st March, 2010, the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10) and its Implementation Guidance "Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19) has been applied.

1) Qualitative information

(a) Policy for financial instruments

In the course of business operations, the Company raises short-term funds through bank loans, and raises long-term funds through bank loans and issuances of corporate bonds. The Company manages funds by utilizing low-risk financial instruments. It is the policy of the Company to only enter into derivative transactions to reduce risks, and not for speculative purposes.

(b) Details of financial instruments and related risk and risk management system

Although accounts receivable and other receivables, are exposed to customers' credit risk, the historical loan loss ratio is low and those receivables are usually settled in a short period of time. The Company tries to reduce credit risk by managing due dates and balances of each customer, as well as monitoring and analyzing customers' credit status. The Company has little exposure of foreign currency exchange risk, since those receivables are mostly in Japanese yen. Investment securities, comprised of shares of companies with which the Company has operational relationships, bonds and bond investment trusts, are exposed to issuers' credit risk, risks of volatility of market prices, and foreign currency exchange and interest rates. To reduce these risks, the Company monitors market value and the issuers' financial status periodically. Long-term loans receivable is comprised of deposits and guarantee money due January 2017. Accounts payable are settled in a short period of time. Redemption of the convertible bonds, issued by the Company for capital expenditures, is March 2014. The Company reduces liquidity risk relating to raising funds by developing a cash flow plan to manage all surplus fund in the group, and by ensuring the maintenance of stable fund suppliers.

(c) Supplementary explanation of the fair value of financial instruments

The fair value of financial instruments is based on their quoted market price, and when there is no quoted market price available, fair value is based on management assumption. Since various assumptions and factors are reflected in estimating the fair value, differences in the assumptions and factors may result in different indications of fair value.

3. Financial Instruments (continued)

2) Fair value of financial instruments

The carrying amount of financial instruments on the consolidated balance sheet as of 31st March, 2010 and estimated fair value are shown in the following table. The following table does not include financial instruments for which it is extremely difficult to determine fair values. (see Note 2).

	Millions of yen		
	Carrying amount	**Estimated fair value**	**Difference**
	31st March, 2010		
Assets:			
Cash and bank deposits	¥ 15,056	¥ 15,056	¥ –
Accounts receivable and other receivables	68,033	68,033	–
Short-term investment securities, Investment securities, and Investments in affiliates	84,092	84,092	–
Long-term receivable	7,593	7,911	318
Total	¥174,774	¥175,092	¥ 318
Liabilities:			
Accounts payable	¥ 24,155	¥ 24,155	¥ –
Convertible bond	49,997	47,897	(2,100)
Total	¥ 74,152	¥ 72,052	¥(2,100)

	Thousands U.S. dollars		
	Carrying amount	**Estimated fair value**	**Difference**
	31st March, 2010		
Assets:			
Cash and bank deposits	$ 161,805	$ 161,805	$ –
Accounts receivable and other receivables	731,145	731,145	–
Short-term investment securities, Investment securities and Investments in affiliates	903,729	903,729	–
Long-term receivable	81,601	85,019	3,418
Total	$1,878,280	$1,881,698	$ 3,418
Liabilities:			
Accounts payable	$ 259,592	$ 259,592	$ –
Convertible bond	537,313	514,745	(22,568)
Total	$ 796,905	$ 774,337	$(22,568)

3. Financial Instruments (continued)

2) Fair value of financial instruments (continued)

Note 1: Methods to determine the estimated fair value of financial instruments.

Assets

a. Cash and bank deposits, accounts receivable and other receivables

Their carrying amount approximates the fair value due to the short maturity of these instruments.

b. Short-term investment securities, investment securities and investments in affiliates

The fair value of stocks is based on quoted market prices. The fair value of bonds is based on either quoted market prices or prices provided by the financial institution making markets in these securities.

c. Long-term loans receivable

Long-term loans receivable consists of deposits and guarantee money. The fair value of long-term receivables are based on the present value of the total future cash flows, which are the principal and the interest, discounted by risk free rate relating to the time remaining until maturity.

Liabilities

a. Accounts payable

Their carrying amount approximates the fair value due to the short maturity of these instruments.

b. Convertible bonds

The fair value of convertible bonds is based on the quoted market price.

Note 2: The following financial instruments are not included in short-term investment securities, investment securities and investments in affiliates because no quoted market price is available and it is extremely difficult to determine the fair value.

	Millions of yen	*Thousands of U.S. dollars*
	31st March, 2010	**31st March, 2010**
Unlisted companies' share	¥15,471	$166,265
Investments in partnership	460	4,944

*1. Unlisted companies' shares are not measured at fair value because they have no market prices on exchanges, and it is extremely difficult to determine fair value. Unlisted companies' shares included investments in affiliates accounted for under the equity method totaling ¥915 million ($9,834 thousand) as of 31st March, 2010.

*2. For investments in partnerships, if fair value for part or all of the components is extremely difficult to determine, such components are not measured at fair value.

3. Financial Instruments (continued)

2) Fair value of financial instruments (continued)

Note 3: Redemption schedule for receivables and marketable securities with maturities at 31st March, 2010

	Millions of yen		
	31st March, 2010		
	Due within one year	**Due after one year through five years**	**Due after five years through 10 years**
Cash and bank deposits	¥15,056	¥ –	¥ –
Accounts receivables	52,874	–	–
Investment securities		–	–
Other securities with maturity date			
Corporate bonds	6,000	5,000	–
Long-term loan receivable	–	–	8,400
	¥73,930	¥5,000	¥8,400

* Other receivables are not included as there is no applicable redemption schedule.

	Thousands of U.S. dollars		
	31st March, 2010		
	Due within one year	**Due after one year through five years**	**Due after five years through 10 years**
Cash and bank deposits	$161,805	$ –	$ –
Accounts receivables	568,233	–	–
Investment securities			–
Other securities with maturity date			
Corporate bonds	64,481	53,735	
Long-term loan receivable	–	–	90,274
	$794,519	$53,735	$90,274

Note 4: Repayment schedule for convertible bonds at 31st March, 2010

	Millions of yen	*Thousands of U.S. dollars*
	31st March, 2010	**31st March, 2010**
	Due after three years through four years	**Due after three years through four years**
Convertible bond	¥49,997	$537,313
	¥49,997	$537,313

4. Investments

The Company did not hold any trading securities or held-to-maturity securities with determinable market value at 31st March, 2010 and 2009.

The following is a summary of the information concerning other securities included in short-term investment securities, investment securities and investments in affiliates at 31st March, 2010and 2009:

a) Securities classified as other securities

	Millions of yen					
	31st March, 2010			**31st March, 2009**		
	Acquisition cost	**Carrying amount**	**Unrealized gain (loss)**	**Acquisition cost**	**Carrying amount**	**Unrealized gain (loss)**
Equity securities	¥25,617	¥39,866	¥14,249	¥10,649	¥20,852	¥10,203
Debt securities:						
Government debt securities	–	–	–	3,000	3,001	1
Corporate debt securities	14,015	14,062	47	19,022	18,817	(205)
	14,015	14,062	47	22,022	21,818	(204)
Other	45,274	45,180	(94)	710	637	(73)
Total	¥84,906	¥99,108	¥14,202	¥33,381	¥43,307	¥ 9,926

	Thousands of U.S. dollars		
	31st March, 2010		
	Acquisition cost	**Carrying amount**	**Unrealized gain (loss)**
Equity securities	$275,304	$ 428,436	$153,132
Debt securities:			
Government debt securities	–	–	–
Corporate debt securities	150,618	151,123	505
	150,618	151,123	505
Other	486,555	485,546	(1,009)
Total	$912,477	$1,065,105	$152,628

As of 31st March, 2009, only marketable securities were included in the above table.

Impairment loss on the marketable securities classified as other securities as a result of a permanent decline in value for the year ended 31st March, 2009 was ¥4,286 million. The Company has established a policy for the recognition of impairment losses for marketable securities under the following conditions as of 31st March, 2009:

i) All securities whose fair value has declined by 50% or more, and

ii) Securities whose fair value has declined by 30% or more but less than 50% and for which a recovery to fair value is not deemed probable.

4. Investments (continued)

a) Securities classified as other securities (continued)

As of 31st March, 2010 securities whose estimated fair value is deemed extremely difficult to measure were included in the above table. Impairment loss on the securities classified as other securities as a result of a permanent decline in value for the year ended 31st March, 2010 was ¥1,025 million ($11,016 thousand), consisting of ¥704 million ($7,566 thousand) for securities whose fair value is determinable and ¥321 million ($3,450 thousand) for securities whose estimated fair value is deemed extremely difficult to measure. The Company has established a policy for the recognition of impairment losses under the following conditions as of 31st March, 2010:

i) For securities whose fair value has declined by 30% or more and for which a recovery to fair value is not deemed probable.

ii) For securities whose estimated fair value is deemed extremely difficult to measure, the Company recognizes impairment if the net asset value of the investment has declined by 50% or more and for which a recovery to acquisition cost is not deemed probable.

Proceeds from sales of other securities during the years ended 31st March, 2010, 2009 and 2008 were as follows:

	Millions of yen			*Thousands of U.S. dollars*
	31st March,			**31st March,**
	2010	**2009**	**2008**	**2010**
Proceeds	¥2,335	¥2,041	¥4,289	$25,094
Gross gain	195	373	2,655	2,096
Gross loss	–	–	–	–

b) Non-marketable securities classified as other securities

	Millions of yen
	31st March, 2009
Other securities:	
Equity securities	¥14,624
Cash reserve funds	12,000

4. Investments (continued)

c) Maturities of debt securities

	Millions of yen		
	31st March, 2009		
	Due within one year	**Due after one year through five years**	**Other**
Debt securities:			
Government debt securities	¥3,000	¥ –	¥ –
Corporate debt securities	5,000	11,000	–
	¥8,000	¥11,000	¥ –

5. Derivatives

The Company had no open derivatives positions during the year ended 31st March, 2010 and 2009.

6. Accounts Receivable and Other Receivables

For projects that have not been completed as of the balance sheet date, the percentage-of-completion method is applied and the estimated revenue to be earned from each project has been included in accounts receivable and other receivables in the amounts of ¥15,159 million ($162,912 thousand) and ¥21,246 million at 31st March, 2010 and 2009, respectively.

7. Property and Equipment

Property and equipment is summarized as follows:

	Years	*Millions of yen*		*Thousands of U.S. dollars*
	Useful Life	**31st March,**		**31st March,**
		2010	**2009**	**2010**
Land		¥ 12,323	¥ 11,292	$ 132,434
Buildings	15 – 50	64,616	59,077	694,422
Machinery and equipment	3 – 15	53,707	51,934	577,184
Leased assets		764	1,505	8,211
Accumulated depreciation		(72,445)	(65,533)	(778,559)
Property and equipment, net		¥ 58,965	¥ 58,275	$ 633,692

8. Other Assets

Other assets consisted of the following:

	Millions of yen		*Thousands of U.S. dollars*
	31st March,		**31st March,**
	2010	**2009**	**2010**
Lease deposits	¥12,436	¥10,965	$133,649
Other	3,356	2,880	36,067
Other assets	¥15,792	¥13,845	$169,716

Other includes golf club memberships.

9. Retirement and Severance Benefits

The Company has a defined benefit pension plan, a lump-sum payment plan and a defined contribution pension plan. In addition to the plans, an extra retirement payment may be provided. On 1st April, 2008, the Company transferred its retirement annuity plan and a portion of the lump-sum payment plan to its defined contribution pension plan and the defined benefit pension plan, respectively. The Company also has an employee retirement benefit trust. The Company's certain consolidated subsidiaries have defined benefit lump-sum payment plans and defined contribution pension plans.

The following table sets forth the funded and accrued status of the retirement and severance benefit plans and the amounts recognized in the accompanying consolidated balance sheets at 31st March, 2010 and 2009 for the Company's and its consolidated subsidiaries' defined benefit plans:

	Millions of yen		*Thousands of U.S. dollars*
	31st March,		**31st March,**
	2010	**2009**	**2010**
Retirement benefit obligation	¥(61,038)	¥(57,241)	$(655,970)
Plan assets at fair value	35,849	27,304	385,266
Unfunded retirement benefit obligation	(25,189)	(29,937)	(270,704)
Unrecognized actuarial gain	3,568	7,020	38,345
Unrecognized prior service cost	(2,531)	(2,726)	(27,200)
Unfunded retirement benefit obligation recognized on the balance sheets	¥(24,152)	¥(25,643)	$(259,559)

Plan assets at fair value include those of the employee retirement benefit trust of ¥6,670 million ($71,682 thousand) and ¥5,251 million at 31st March, 2010 and 2009, respectively.

9. Retirement and Severance Benefits (continued)

The amortization period of prior service gain is 15 years (amortized by the straight-line method over a period which falls within the average remaining years of service of the participants in the plan).

The amortization period of actuarial gain or loss is 15 years (amortized by the straight-line method over periods which fall within the average remaining years of service of the participants in the plan from the fiscal year following the respective fiscal year of occurrence).

The components of retirement benefit expenses for the years ended 31st March, 2010, 2009 and 2008 are outlined as follows:

	Millions of yen			*Thousands of U.S. dollars*
	31st March,			**31st March,**
	2010	**2009**	**2008**	**2010**
Service cost	¥3,558	¥3,402	¥ 4,675	$38,238
Interest cost	1,174	1,104	1,513	12,617
Expected return on plan assets	(331)	(342)	(702)	(3,557)
Recognized actuarial (gain) loss	312	(73)	(573)	3,353
Recognized prior service gain	(195)	(195)	–	(2,096)
Provision for transfer of the retirement benefit plan	–	–	9,567	–
Subtotal	4,518	3,896	14,480	48,555
Other	1,507	1,386	338	16,195
Total	¥6,025	¥5,282	¥14,818	$64,750

Contributions to the defined contribution pension plan are included in "Other" in the table presented above.

The assumptions used in accounting for the above plans are summarized as follows:

	31st March,		
	2010	**2009**	**2008**
Discount rates at the end of the year	2.1%	2.1%	2.1%
Expected rate of return on plan assets	1.5%	1.5%	1.5%

10. Income Taxes

The significant components of deferred income tax assets and liabilities were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	31st March,		**31st March,**
	2010	**2009**	**2010**
Deferred income tax assets:			
Employees' retirement benefits	¥13,201	¥14,400	$141,870
Depreciation	11,190	8,801	120,258
Accrued bonuses	4,390	4,856	47,179
Other	3,988	3,551	42,859
	32,769	31,608	352,166
Deferred income tax liabilities:			
Unrealized gain on other securities	(5,766)	(3,999)	(61,967)
Special tax-purpose reserve	(470)	(1,032)	(5,051)
Undistributed earnings of foreign subsidiaries	(27)	(140)	(290)
Other	(1)	(2)	(11)
	(6,264)	(5,173)	(67,319)
Deferred income tax assets, net	¥26,505	¥26,435	$284,847

Income taxes applicable to the Company and its consolidated subsidiaries consisted of corporation, inhabitants' and enterprise taxes which, in the aggregate, resulted in a statutory tax rate of approximately 40.6% for the years ended 31st March, 2010, 2009 and 2008.

Reconciliations of the differences between the statutory income tax rates and the effective income tax rates after deferred tax effect in the consolidated statements of income for the years ended 31st March, 2010 and 2008 have been omitted because the differences were immaterial in the consolidated statements of income.

A reconciliation for the year ended 31st March, 2009 was as follows:

	31st March, 2009
Statutory income tax rate	40.6%
Reconciliation:	
Non-taxable permanent differences such as dividends received	(0.5)
Non-deductible permanent differences such as entertainment expenses	1.1
Changes in non-deductible write-down of investment securities and other temporary difference items	5.0
Reversal of deferred tax liability due to the change in tax law on dividends received from foreign subsidiaries	(1.8)
Others, net	0.1
Effective income tax rate after deferred tax effect	44.5%

11. Net Assets

The Corporation Law of Japan provides that an amount equal to at least 10% of the amount to be disbursed as distributions of capital surplus and retained earnings be appropriated to the legal reserve until the sum of the legal reserve and additional paid-in capital equals 25% of the common stock account. The legal reserve and the additional paid-in capital account are available for appropriation by resolution of the shareholders. In accordance with the Corporation Law, the Company provides a legal reserve which is included in retained earnings. This reserve amounted to ¥570million ($6,126 thousand) and ¥570 million at 31st March, 2010 and 2009, respectively.

Shares in Issue and Treasury stock

The total number and periodic changes in the number of shares in issue and the total number and periodic changes in the number of shares of treasury stock for the year ended 31st March, 2010 are summarized as follows:

	31st March, 2010	
	Shares in issue	**Treasury stock**
Number of shares at 31st March, 2009	225,000,000	30,473,495
Increase in number of shares	–	319
Decrease in number of shares	–	95,500
Number of shares at 31st March, 2010	225,000,000	30,378,314

* The increase of 319 shares of treasury stock was due to the purchases of odd-lot shares.
The decrease of 95,500 shares of treasury stock was due to the exercise of stock options.

Share subscription rights recorded in the accompanying consolidated balance sheets at 31st March, 2010 relate to the Company's stock option plans described in Note 20.

Unrealized gain on other securities was not available for the payment of cash dividends.

Dividends

The following appropriations of cash dividends to shareholders of common stock were approved at meetings of the Board of Directors held on 15th May, 2009 and 23rd October, 2009 and were paid to shareholders of record as of 31st March, 2009 and 30th September, 2009, respectively, during the year ended 31st March, 2010:

	Millions of yen	*Thousands of U.S. dollars*
Cash dividends approved on 15th May, 2009 (¥26.00 = U.S.$0.28 per share)	¥5,058	$54,358
Cash dividends approved on 23rd October, 2009 (¥26.00 = U.S.$0.28 per share)	5,060	54,379

11. Net Assets (continued)

The following appropriation of cash dividends, which has not been reflected in the accompanying consolidated financial statements for the year ended 31st March, 2010, was approved at a meeting of the Board of Directors held on 14th May, 2010 and went into effect on 2nd June, 2010:

	Millions of yen	*Thousands of U.S. dollars*
Cash dividends (¥26.00 = U.S.$0.28 per share)	¥5,060	$54,379

12. Cash and Cash Equivalents

A reconciliation between cash and bank deposits in the accompanying consolidated balance sheets and cash and cash equivalents in the accompanying consolidated statements of cash flows at 31st March, 2010 and 2009 is as follows:

	Millions of yen		*Thousands of U.S. dollars*
	31st March,		**31st March,**
	2010	**2009**	**2010**
Cash and bank deposits	¥15,056	¥20,308	$161,805
Short-term investment securities	44,720	14,000	480,602
Time deposits with maturities of more than three months when deposited	–	(6,079)	–
Cash and cash equivalents	¥59,776	¥28,229	$642,407

There were no significant non-cash transactions for the years ended 31st March, 2010 and 2009.

13. Per Share Data

Per share data is summarized as follows:

	Yen			*U.S. dollars*
	31st March,			**31st March,**
	2010	**2009**	**2008**	**2010**
Earnings per share	¥112.32	¥125.54	¥138.52	$1.21
Diluted earnings per share	105.81	118.29	130.70	1.14

	Yen		*U.S. dollars*
	31st March,		**31st March,**
	2010	**2009**	**2010**
Net assets per share	¥1,125.63	¥1,051.65	$12.10

The computation of earnings and net assets per share is based on the weighted-average number of shares of common stock outstanding during each year and the number of shares of common stock outstanding at each balance sheet date, respectively.

13. Per Share Data (continued)

The computation of earnings per share and diluted earnings per share for the years ended 31st March, 2010, 2009 and 2008 is as follows:

	Millions of yen			*Thousands of U.S. dollars*
		31st March,		**31st March,**
	2010	**2009**	**2008**	**2010**
Numerator:				
Earnings	¥21,856	¥24,513	¥28,158	$234,884
Earnings not available to common shareholders	–	–	–	–
Earnings available to common shareholders	¥21,856	¥24,513	¥28,158	$234,884
		Thousands of shares		
Denominator:				
(Weighted-average number of shares of common stock):				
Denominator for earnings per share	194,587	195,266	203,281	194,587
Potentially dilutive shares of common stock	11,968	11,966	12,161	11,968
Denominator for diluted earnings per share	206,555	207,232	215,442	206,555

The following potentially issuable shares of common stock would have an antidilutive effect and thus have not been included in the diluted earnings per share calculation for the years ended 31st March, 2010, 2009 and 2008:

	Shares		
		31st March,	
	2010	**2009**	**2008**
a) 1st share subscription rights	–	–	325,000
b) 3rd share subscription rights	0*	39,000	–
c) 4th share subscription rights	224,500	224,500	–
d) 6th share subscription rights	392,500	392,500	–
e) 8th share subscription rights	415,000	415,000	415,000
f) 10th share subscription rights	417,500	417,500	–
g) 12th share subscription rights	440,000	–	–

* The exercise period ended 30th June, 2009.

13. Per Share Data (continued)

The computation of net assets per share at 31st March, 2010 and 2009 is summarized as follows:

	Millions of yen		*Thousands of U.S. dollars*
	31st March,		**31st March,**
	2010	**2009**	**2010**
Numerator:			
Net assets	¥220,237	¥205,467	$2,366,867
Subscription rights to shares	(1,155)	(892)	(12,413)
Minority interests	(10)	–	(107)
Net assets related to shares of common stock	¥219,072	¥204,575	$2,354,347
	Thousands of shares		
Denominator:			
Number of shares of common stock outstanding	194,622	194,527	194,622

14. Leases

Effective 1st April, 2008, the Company has adopted the new accounting standard "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13) and "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16), originally issued by the Business Accounting Deliberation Council on 17th June, 1993 and by the Japanese Institute of Certified Public Accountants on 18th January, 1994, respectively, and both revised by the ASBJ on 30th March, 2007. Prior to adoption of the standard, the Company and its domestic consolidated subsidiaries accounted for finance lease transactions that do not transfer ownership as operating leases. Subsequent to the adoption of the standard, all finance leases are capitalized as assets.

1) As lessee

The Company leases mainly computers and related devices, some of which are classified as finance leases. Please refer to 1. Significant Accounting Policies for depreciation method applied to leased assets.

Future minimum lease payments for noncancelable operating leases at 31st March, 2010 and 2009 are summarized as follows:

	Millions of yen		*Thousands of U.S. dollars*
	31st March,		**31st March,**
	2010	**2009**	**2010**
Future minimum lease payments:			
Due within one year	¥ 7,703	¥2,500	$ 82,783
Thereafter	27,381	4,686	294,262
Total	¥35,084	¥7,186	$377,045

14. Leases (continued)

1) As lessee (continued)

Lease payments, depreciation/amortization and interest expense for these finance leases for the years ended 31st March, 2008 are summarized as follows (accounting policy applied before the application of new accounting standard for lease transactions):

	Millions of yen
	31st March, 2008
Lease payments	¥805
Depreciation/amortization	765
Interest expense	17

2) As lessor

There were no finance lease transactions as lessor for the years ended 31st March, 2010 and 2009.

Future minimum lease payments to be received from operating leases as lessor at 31st March, 2010 and 2009 are summarized as follows:

	Millions of yen		*Thousands of U.S. dollars*
	31st March,		**31st March,**
	2010	**2009**	**2010**
Future minimum lease payments to be received:			
Due within one year	¥ 9,139	¥ 9,228	$ 98,216
Thereafter	8,800	17,698	94,573
Total	¥17,939	¥26,926	$192,789

15. Selling, General and Administrative Expenses

The details of selling, general and administrative expenses for the years ended 31st March, 2010, 2009 and 2008 are summarized as follows:

	Millions of yen			*Thousands of U.S. dollars*
	31st March,			**31st March,**
	2010	**2009**	**2008**	**2010**
Personnel expenses	¥28,576	¥26,198	¥24,573	$307,104
Rent	4,444	4,429	4,068	47,759
Subcontractor costs	7,271	8,168	9,788	78,141
Other	12,620	11,917	12,659	135,626
Total	¥52,911	¥50,712	¥51,088	$568,630

16. Research and Development Expenses

Research and development expenses included in selling, general and administrative expenses for the years ended 31st March, 2010, 2009 and 2008 are summarized as follows:

	Millions of yen			*Thousands of U.S. dollars*
	31st March,			**31st March,**
	2010	**2009**	**2008**	**2010**
Research and development expenses	¥3,561	¥4,104	¥4,916	$38,270

17. Other Income (Expenses)

1) Gain (loss) on investment securities

Loss on investment securities for the year ended 31st March, 2010 consisted of gain on investment securities of ¥195 million ($2,096 thousand) and loss on investment securities of ¥1,036 million ($11,134 thousand). Gain on investment securities for the year ended 31st March, 2010 consisted principally of gain on the sales of shares of Mitsubishi UFJ Financial Group, Inc. Loss on investment securities consisted principally of impairment loss on Daiko Clearing Services Corporation as a result of the impairment having been deemed other than temporary.

Loss on investment securities for the year ended 31st March, 2009 consisted of gain on investment securities of ¥373 million and loss on investment securities of ¥3,759 million. Gain on investment securities for the year ended 31st March, 2009 consisted principally of gain on the sales of shares of Mitsubishi UFJ Financial Group, Inc. Loss on investment securities consisted principally of impairment loss on Seven & i Holdings Co., Ltd. as a result of the impairment having been deemed other than temporary.

Gain on investment securities for the year ended 31st March, 2008 consisted of gain on investment securities of ¥2,655 million and loss on investment securities of ¥618 million. Gain on investment securities for the year ended 31st March, 2008 consisted principally of gain on the sales of shares of Seven Bank, Ltd., Argo 21 Corporation and NET MARKS, INC. Loss on investment securities consisted principally of impairment loss on AIZAWA SECURITIES CO., LTD. as a result of the impairment having been deemed other than temporary.

2) Loss on investments in affiliates

Loss on investments in affiliates for the year ended 31st March, 2009 consisted of gain on investments in affiliates of ¥252 million and loss on investments in affiliates of ¥1,014 million. Gain on investments in affiliates consisted principally of gain on sales of investments in Insurance System & Technology, Ltd. Loss on investments in affiliates consisted principally of loss on sales of investments in NRI Learning Network, Ltd. and impairment loss on investments in Nomura Holdings, Inc.

3) Impairment loss on software

Due to a rapid change in the business environment because of the money market crisis, the Company recorded impairment loss on software, which is used for financial service businesses, in the consolidated statement of income for the year ended 31st March, 2009.

17. Other Income (Expenses) (continued)

4) Provision for transfer of the retirement benefit plan

Provision for transfer of the retirement benefit plan for the year ended 31st March, 2008 arose due to a revision made to the retirement benefit plan.

5) Office integration and relocation expenses

Office integration and relocation expenses for the year ended 31st March, 2010 arose primarily from the integration of certain offices and the relocation to Yokohama Minato Center.

18. Related Party Transactions

Related party transactions for the years ended 31st March, 2010, 2009 and 2008 and the respective balances at 31st March, 2010 and 2009 were as follows:

1) Transactions

		Millions of yen			*Thousands of U.S. dollars*
		31st March,			31st March,
Related party	**Nature of transaction**	**2010**	**2009**	**2008**	**2010**
a) Major shareholder:					
Nomura Holdings, Inc.	Sales	¥49,211	¥74,070	¥84,413	$528,866
	Purchase of back office operation information system hardware and software for retail domestic securities *1	–	38,419	–	–
b) Major shareholder's subsidiaries:					
Nomura Securities Co., Ltd.	Purchase of back office operation information system hardware and software for retail domestic securities *2	–	*2	–	–
Nomura Trust and Banking Co., Ltd.	Money held in trust related to acquisition of treasury stock	–	15,010	15,010	–
	Charges for acquisition of treasury stock	–	8	5	–
c) Directors and principal private shareholders, etc:					
Ken Ohno (Director of the Company and a subsidiary)	Grant of stock options *3	–	–	15	–

*1 Based on an agreement between Nomura Holdings Inc., Nomura Securities Co., Ltd. and the Company, the Company purchased from the two parties certain hardware and software assets as a single package. The terms and conditions of the agreement were determined through discussions among the three parties based on an objective appraisal the value of the package as a whole. As per the agreement, the amount shown above is the total acquisition cost that the Company has paid to the two parties.

*2 The transaction is the same as *1 presented above.

*3 These stock options were granted to Mr. Ken Ohno for his position as a director of a subsidiary (which he resigned on 31st August, 2007), and valued based on the fair value of the stock options.

18. Related Party Transactions (continued)

2) Balances

Related party	Nature of transaction	*Millions of yen* 31st March, 2010	*Millions of yen* 31st March, 2009	*Thousands of U.S. dollars* 31st March, 2010
a) Major shareholder:				
Nomura Holdings, Inc.	Accounts receivable and other receivables	¥5,237	¥10,919	$56,282

19. Contingent Liabilities

There were no material contingent liabilities at 31st March, 2010 and 2009.

20. Stock Option Plans

The Company issued the following share subscription rights for the purchase of new shares of common stock in accordance with the former Commercial Code of Japan or the Corporation Law of Japan.

For the years ended 31st March, 2010, 2009 and 2008, the Company recognized and allocated share-based compensation cost as follows:

	Millions of yen 2010	*Millions of yen* 2009	*Millions of yen* 2008	*Thousands of U.S. dollars* 2010
Cost of sales	¥243	¥281	¥282	$2,611
Selling, general and administrative expenses	290	299	274	3,117
Total	¥533	¥580	¥556	$5,728

A description of each stock option plan as of 31st March, 2010 is summarized as follows:

	3rd stock option plan	4th stock option plan	6th stock option plan
Grantee categories and numbers of grantees	34 directors, managing officers or employees of the Company, and 12 directors of its subsidiaries	32 directors, managing officers or employees of the Company, and 12 directors of its subsidiaries	36 directors or managing officers of the Company, and 6 directors of its subsidiaries
Number of shares reserved	422,500	407,500	400,000
Grant date	24th June, 2004	1st July, 2005	11th September, 2006
Vesting conditions*	Holders must be in continuous employment from the grant date to the vesting date of 30th June, 2006	Holders must be in continuous employment from the grant date to the vesting date of 30th June, 2007	Holders must be in continuous employment from the grant date to the vesting date of 30th June, 2009
Service period*	From 1st July, 2004 to 30th June, 2006	From 1st July, 2005 to 30th June, 2007	From 1st July, 2006 to 30th June, 2009
Exercisable period	1st July, 2006 to 30th June, 2009	1st July, 2007 to 30th June, 2010	1st July, 2009 to 30th June, 2013

20. Stock Option Plans (continued)

	8th stock option plan	9th stock option plan	10th stock option plan
Grantee categories and numbers of grantees	37 directors, managing officers or employees of the Company, and 6 directors of its domestic subsidiaries	40 directors, managing officers or employees of the Company, and 6 directors of its domestic subsidiaries	36 directors or managing officers of the Company, and 6 directors of its domestic subsidiaries
Number of shares reserved	422,500	96,500	417,500
Grant date	10th July, 2007	10th July, 2007	8th July, 2008
Vesting conditions*	Holders must be in continuous employment from the grant date to the vesting date of 30th June, 2010	Holders must be in continuous employment from the grant date to the vesting date of 30th June, 2008	Holders must be in continuous employment from the grant date to the vesting date of 30th June, 2011
Service period*	From 1st July, 2007 to 30th June, 2010	From 1st July, 2007 to 30th June, 2008	From 1st July, 2008 to 30th June, 2011
Exercisable period	1st July, 2010 to 30th June, 2014	1st July, 2008 to 30th June, 2009	1st July, 2011 to 30th June, 2015

	11th stock option plan	12th stock option plan	13th stock option plan
Grantee categories and numbers of grantees	39 directors, managing officers or employees of the Company, and 6 directors of its subsidiaries	39 directors or managing officers of the Company, and 7 directors of its subsidiaries	42 directors, managing officers or employees of the Company, and 7 directors of its subsidiaries
Number of shares reserved	95,500	440,000	102,000
Grant date	8th July, 2008	15th July, 2009	15th July, 2009
Vesting conditions*	Holders must be in continuous employment from the grant date to the vesting date of 30th June, 2009	Holders must be in continuous employment from the grant date to the vesting date of 30th June, 2012	Holders must be in continuous employment from the grant date to the vesting date of 30th June, 2010
Service period*	From 1st July, 2008 to 30th June, 2009	From 1st July, 2009 to 30th June, 2012	From 1st July, 2009 to 30th June, 2010
Exercisable period	1st July, 2009 to 30th June, 2010	1st July, 2012 to 30th June, 2016	1st July, 2010 to 30th June, 2011

* The terms vesting conditions and service period are not specifically defined as such in the agreements. The vesting conditions and service period presented above represent information abstracted from the agreements that is closely analogous to those terms.

20. Stock Option Plans (continued)

A description of each stock option plan as of 31st March, 2009 is summarized as follows:

	2nd stock option plan	3rd stock option plan	4th stock option plan
Grantee categories and numbers of grantees	33 directors or managing officers of the Company, and 11 directors of its domestic subsidiaries	34 directors, managing officers or employees of the Company, and 12 directors of its domestic subsidiaries	32 directors, managing officers or employees of the Company, and 12 directors of its domestic subsidiaries
Number of shares reserved	415,000	422,500	407,500
Grant date	12th August, 2003	24th June, 2004	1st July, 2005
Vesting conditions	No vesting conditions	No vesting conditions	No vesting conditions
Service period	Not prescribed	Not prescribed	Not prescribed
Exercisable period	1st July, 2005 to 30th June, 2008	1st July, 2006 to 30th June, 2009	1st July, 2007 to 30th June, 2010

	6th stock option plan	7th stock option plan	8th stock option plan
Grantee categories and numbers of grantees	36 directors or managing officers of the Company, and 6 directors of its domestic subsidiaries	40 directors, managing officers or employees of the Company, and 6 directors of its domestic subsidiaries	37 directors, managing officers or employees of the Company, and 6 directors of its domestic subsidiaries
Number of shares reserved	400,000	94,500	422,500
Grant date	11th September, 2006	11th September, 2006	10th July, 2007
Vesting conditions	No vesting conditions	No vesting conditions	No vesting conditions
Service period	Not prescribed	Not prescribed	Not prescribed
Exercisable period	1st July, 2009 to 30th June, 2013	1st July, 2007 to 30th June, 2008	1st July, 2010 to 30th June, 2014

	9th stock option plan	10th stock option plan	11th stock option plan
Grantee categories and numbers of grantees	40 directors, managing officers or employees of the Company, and 6 directors of its domestic subsidiaries	36 directors or managing officers of the Company, and 6 directors of its domestic subsidiaries	39 directors, managing officers or employees of the Company, and 6 directors of its domestic subsidiaries
Number of shares reserved	96,500	417,500	95,500
Grant date	10th July, 2007	8th July, 2008	8th July, 2008
Vesting conditions	No vesting conditions	No vesting conditions	No vesting conditions
Service period	Not prescribed	Not prescribed	Not prescribed
Exercisable period	1st July, 2008 to 30th June, 2009	1st July, 2011 to 30th June, 2015	1st July, 2009 to 30th June, 2010

20. Stock Option Plans (continued)

The following table summarizes options activity under the stock option plans referred to above during the year ended 31st March, 2010:

	3rd stock option plan	4th stock option plan	6th stock option plan	8th stock option plan	9th stock option plan	10th stock option plan	11th stock option plan	12th stock option plan	13th stock option plan
Non-vested:									
Beginning of the year	–	–	400,000	422,500	–	417,000	95,500	–	–
Granted	–	–	–	–	–	–	–	440,000	102,000
Forfeited	–	–	–	–	–	–	–	–	–
Vested	–	–	400,000	–	–	–	95,500	–	–
End of the year	–	–	–	422,500	–	417,000	–	440,000	102,000
Vested:									
Beginning of the year	39,000	224,500	–	–	26,500	–	–	–	–
Vested	–	–	400,000	–	–	–	95,500	–	–
Exercised	–	–	–	–	(24,000)	–	(71,500)	–	–
Forfeited	(39,000)	–	–	–	(2,500)	–	–	–	–
End of the year	–	224,500	400,000	–	–	–	24,000	–	–

The following table summarizes options activity under the stock option plans referred to above during the year ended 31st March, 2009:

	2nd stock option plan	3rd stock option plan	4th stock option plan	6th stock option plan	7th stock option plan	8th stock option plan	9th stock option plan	10th stock option plan	11th stock option plan
Non-vested:									
Beginning of the year	–	–	–	400,000	–	422,500	96,500	–	–
Granted	–	–	–	–	–	–	–	417,500	95,500
Forfeited	–	–	–	–	–	–	–	–	–
Vested	–	–	–	–	–	–	96,500	–	–
End of the year	–	–	–	400,000	–	422,500	–	417,500	95,500
Vested:									
Beginning of the year	22,500	42,000	240,000	–	13,500	–	–	–	–
Vested	–	–	–	–	–	–	96,500	–	–
Exercised	(15,000)	(3,000)	(15,500)	–	(13,500)	–	(70,000)	–	–
Forfeited	(7,500)	–	–	–	–	–	–	–	–
End of the year	–	39,000	224,500	–	–	–	26,500	–	–

Price information per option for each stock option plan as of 31st March, 2010 is summarized as follows:

	Yen								
	3rd stock option plan	4th stock option plan	6th stock option plan	8th stock option plan	9th stock option plan	10th stock option plan	11th stock option plan	12th stock option plan	13th stock option plan
Exercise price	¥2,284	¥2,319	¥3,282	¥3,680	¥ 1	¥2,650	¥ 1	¥2,090	¥ 1
Average price on exercise	–	–	–	–	1,777	–	2,115	–	–
Fair value on grant date	–	–	865	1,030	3,619	631	2,572	539	2,012

	U.S. dollars								
	3rd stock option plan	4th stock option plan	6th stock option plan	8th stock option plan	9th stock option plan	10th stock option plan	11th stock option plan	12th stock option plan	13th stock option plan
Exercise price	$24.55	$24.92	$35.27	$39.55	$ 0.01	$28.48	$ 0.01	$22.46	$ 0.01
Average price on exercise	–	–	–	–	19.10	–	22.73	–	–
Fair value on grant date	–	–	9.30	11.07	38.89	6.78	27.64	5.79	21.62

20. Stock Option Plans (continued)

Price information per option for each stock option plan as of 31st March, 2009 is summarized as follows:

	Yen								
	2nd stock option plan	3rd stock option plan	4th stock option plan	6th stock option plan	7th stock option plan	8th stock option plan	9th stock option plan	10th stock option plan	11th stock option plan
Exercise price	¥2,018	¥2,284	¥2,319	¥3,282	¥ 1	¥3,680	¥ 1	¥2,650	¥ 1
Average price on exercise	2,705	2,380	2,466	–	2,479	–	2,096	–	–
Fair value on grant date	–	–	–	4,322	15,733	1,030	3,619	631	2,572

The exercise price and fair value on grant date as of 31st March, 2010 reflect the five-for-one stock split on 1st April, 2007.

Fair value as of the grant date for stock options which were issued during the year ended 31st March, 2010 was estimated using the Black-Scholes option pricing model with the following assumptions:

	12th stock option plan	13th stock option plan
Expected volatility *1	37.2%	54.6%
Expected remaining period *2	5 years	1 year and 6 months
Expected dividend yield *3	¥52 per share	¥52 per share
Risk-free interest rate *4	0.683%	0.191%

*1 Expected volatility is estimated based on the actual stock price in the period from July 2004 to July 2009 for the 12th stock option plan, and in the period from January 2008 to July 2009 for the 13th stock option plan.

*2 As it is difficult to estimate the expected remaining period in a reasonable manner, it is determined to be the period from the grant date to the mid-point of the exercisable period.

*3 Expected dividend yield is the expected annual dividend amount for the year ended 31st March, 2010 as of the date of the grant.

*4 Risk-free interest rate represents the interest rate of governmental bonds whose remaining period corresponds to the expected remaining period of stock options.

Because it is difficult to estimate the forfeited number of stock options for future periods, estimation of the vested number is based upon actual forfeitures in prior periods.

20. Stock Option Plans (continued)

Fair value as of the grant date for stock options which were issued during the year ended 31st March, 2009 was estimated using the Black-Scholes option pricing model with the following assumptions:

	10th stock option plan	11th stock option plan
Expected volatility *1	31.5%	36.5%
Expected remaining period *2	5 years	1 year and 6 months
Expected dividend yield *3	¥52 per share	¥52 per share
Risk-free interest rate *4	1.290%	0.805%

*1 Expected volatility is estimated based on the actual stock price in the period from July 2003 to July 2008 for the 10th stock option plan, and in the period from January 2007 to July 2008 for the 11th stock option plan.

*2 As it is difficult to estimate the expected remaining period in a reasonable manner, it is determined to be the period from the grant date to the mid-point of the exercisable period.

*3 Expected dividend yield is the expected annual dividend amount for the year ended 31st March, 2009 as of the date of the grant.

*4 Risk-free interest rate represents the interest rate of governmental bonds whose remaining period corresponds to the expected remaining period of stock options.

Because it is difficult to estimate the forfeited number of stock options for future periods, estimation of the vested number is based upon actual forfeitures in prior periods.

21. Segment Information

Business segments

Business segment information is presented under the following two categories:

- the consulting services business, which includes research services; management consulting services; and system consulting services.
- the IT solutions services business, which includes developing and managing computer systems and selling software packages; providing outsourcing services, multi-user systems and information services; and selling computer equipment and related products.

Business segment information of the Company and its consolidated subsidiaries for the years ended 31st March, 2010, 2009 and 2008 is summarized as follows:

	Millions of yen				
	Year ended 31st March, 2010				
	Consulting services	**IT solutions services**	**Total**	**Eliminations and corporate**	**Consolidated**
I. Sales and operating profit					
Sales to external customers	¥28,884	¥309,746	¥338,630	¥ –	¥338,630
Intersegment sales or transfers	469	670	1,139	(1,139)	–
Total sales	29,353	310,416	339,769	(1,139)	338,630
Operating expenses	29,418	270,274	299,692	(1,139)	298,553
Operating profit (loss)	¥ (65)	¥ 40,142	¥ 40,077	¥ –	¥ 40,077
II. Total assets, depreciation and amortization and capital expenditures					
Total assets	¥18,686	¥226,803	¥245,489	¥117,879	¥363,368
Depreciation and amortization	441	30,475	30,916	–	30,916
Capital expenditures	735	28,265	29,000	–	29,000

	Millions of yen				
	Year ended 31st March, 2009				
	Consulting services	**IT solutions services**	**Total**	**Eliminations and corporate**	**Consolidated**
I. Sales and operating profit					
Sales to external customers	¥32,866	¥308,413	¥341,279	¥ –	¥341,279
Intersegment sales or transfers	528	943	1,471	(1,471)	–
Total sales	33,394	309,356	342,750	(1,471)	341,279
Operating expenses	29,268	263,769	293,037	(1,471)	291,566
Operating profit	¥ 4,126	¥ 45,587	¥ 49,713	¥ –	¥ 49,713
II. Total assets, depreciation and amortization and capital expenditures					
Total assets	¥18,980	¥241,317	¥260,297	¥94,191	¥354,488
Depreciation and amortization	491	20,272	20,763	–	20,763
Capital expenditures	356	69,727	70,083	–	70,083

21. Segment Information (continued)

	Millions of yen				
	Year ended 31st March, 2008				
	Consulting services	**IT solutions services**	**Total**	**Eliminations and corporate**	**Consolidated**
I. Sales and operating profit					
Sales to external customers	¥30,333	¥311,956	¥342,289	¥ –	¥342,289
Intersegment sales or transfers	394	1,025	1,419	(1,419)	–
Total sales	30,727	312,981	343,708	(1,419)	342,289
Operating expenses	26,588	264,456	291,044	(1,419)	289,625
Operating profit	¥ 4,139	¥ 48,525	¥ 52,664	¥ –	¥ 52,664
II. Total assets, depreciation and amortization and capital expenditures					
Total assets	¥19,500	¥186,593	¥206,093	¥156,355	¥362,448
Depreciation and amortization	389	16,128	16,517	–	16,517
Capital expenditures	584	35,854	36,438	–	36,438

	Thousands of U.S. dollars				
	Year ended 31st March, 2010				
	Consulting services	**IT solutions services**	**Total**	**Eliminations and corporate**	**Consolidated**
I. Sales and operating profit					
Sales to external customers	$310,414	$3,328,812	$3,639,226	$ –	$3,639,226
Intersegment sales or transfers	5,040	7,201	12,241	(12,241)	–
Total sales	315,454	3,336,013	3,651,467	(12,241)	3,639,226
Operating expenses	316,153	2,904,610	3,220,763	(12,241)	3,208,522
Operating profit (loss)	$ (699)	$ 431,403	$ 430,704	$ –	$ 430,704
II. Total assets, depreciation and amortization and capital expenditures					
Total assets	$200,817	$2,437,431	$2,638,248	$1,266,835	$3,905,083
Depreciation and amortization	4,739	327,512	332,251	–	332,251
Capital expenditures	7,899	303,761	311,660	–	311,660

Effective 1st April, 2008, the Company and its domestic consolidated subsidiaries have applied the new accounting standard "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13) and "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16), originally issued by the Business Accounting Deliberation Council on 17th June, 1993 and by the Japanese Institute of Certified Public Accountants on 18th January, 1994, respectively, and both revised by the ASBJ on 30th March, 2007. As a result of this accounting change, operating profit in the IT solutions services segment for the year ended 31st March, 2009 increased by ¥175 million from the corresponding amount which would have been recorded under the previous method. For the consulting services, the change was immaterial.

21. Segment Information (continued)

Geographical segments

Because sales and assets in the domestic segment constituted more than 90% of total sales and assets for the years ended 31st March, 2010, 2009 and 2008, geographical segment information has not been presented.

Overseas sales

Because overseas sales constituted less than 10% of consolidated sales for the years ended 31st March, 2010, 2009 and 2008, no disclosure of overseas sales has been made.

22. Business Combinations

Not applicable.

23. Subsequent Events

Not applicable.